

WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING THURSDAY, SEPTEMBER 8, 1994

Chairman Tull called the meeting to order at 1:40 p.m. at the Lakeway Inn Hotel, Bellingham, Washington.

MEMBERS PRESENT: **ROBERT M. TULL, Chairman; WANDA MOSBARGER, Vice Chair; PATRICK GRAHAM; ARDITH DIVINE and EDWARD HEAVEY; and Ex Officio Member SEN. MARGARITA PRENTICE.**

OTHERS PRESENT: **FRANK L. MILLER, Director; BEN BISHOP, Deputy Director; SHARON TOLTON, Assistant Director, Special Operations; CALLY CASS-HEALY, Assistant Director, Licensing Operations; SHERRI WINSLOW, Assistant Director, Field Operations; JONATHAN McCOY, Assistant Attorney General; CARRIE SUTHERLAND, Special Assistant, Public Affairs; PATTI COUMERILH, Financial Investigations; and SUSAN GREEN, Executive Assistant.**

Chairman Tull said the Commission is pleased to see Commissioner Mosbarger is back and has been making an amazingly rapid recovery from serious injuries.

STAFF REPORTS

NATIONAL COUNCIL ON PROBLEM GAMBLING

Ms. Tolton said that Commissioner Graham had asked questions at the last meeting regarding problem gambling and the Commission's personal services contract with the Council. She prepared information for the commissioners' review. She said the Council is in complete compliance with its contractual requirements to the Commission. The contract currently requires the providing of information and referral services, quarterly reports, public education and awareness and development of professional, community-based services, i.e. training. These are currently being conducted by the State Council free of charge for people who want to attend. Brochures were made available to the audience regarding a training session in the Olympia area in October.

Ms. Tolton said the Council has been involved in presentations to public schools and community groups, training to social and health service professionals, and is active with a 1-800 help line, which is currently financed by the Lottery Commission. The networking and referral services are also provided to certified health care providers. There are currently 14 Gamblers Anonymous locations, which is double what there were five years ago. **Ms. Tolton** said she has served on the National Council on Problem Gambling's Board for the last year, and currently, the Gambling Commission is the only law enforcement agency represented on the board. She serves as a committee member for developing criteria on on-going state-affiliate certification. There are now 22 state affiliates to the National Council. Each must go through a screening and recertification process to ensure they are still doing the same work they were when they received affiliate status. She said Washington State is seen as a model due to its effective collaboration of the State Council, the industry and

the state agencies involved in the regulation of gambling activities. The Commission is largely responsible for the Council's success. She said she has complete confidence in the organization's ability to reach the commitment intended through the contract, and in the intent and spirit that was in place when the Commission decided to go forward with the personal services contract. The volunteer board members on the State Council have worked tirelessly towards public awareness and industry support of the problem gambling issue.

Ms. Tolton introduced Dr. Charles Maurer, President of the Board of Directors, National Council on Problem Gambling. She said the Board is made up of a very diverse group of people including Katie Casey, who is very involved with the non-profit arena; Steve Griffiths, who is involved with tribal casinos; Ron Ruddy, who is with Trade Products; and other individuals who have been involved for the last six years. She said Dr. Maurer is a clinical psychologist in private practice in Seattle and is currently the president of the State Council. He has presented workshops on assessment and treatment of problem gambling to various groups, and has treated well over 200 problem gamblers in his personal practice. She said Gary Hanson will also make a presentation.

Dr. Maurer thanked the Commission for its important role in funding the Council and its work. He said Sharon's presence on the Board of the National Council has been extremely significant. The Gambling Commission has been the catalyst for why there is a State Council, and without Ann Noel's attendance at the national conference in Iowa five years ago, the Commission wouldn't be involved and there wouldn't be a contract to talk about. There are now 17 G.A. chapters and there were six when Ms. Tolton first did the staff study five years ago. The State Council has trained more than 200 mental health professionals and addictions counselors in becoming aware of this issue. Problem Gamblers tend to appear in alcohol and drug agencies more often than in private practices.

Dr. Maurer introduced Gary Hanson, who was hired by the State Council in March 1993, and came from Washington, D.C., where he worked on the Hill. He is exquisitely trained in organizational issues and has really brought a high degree of organization and efficiency to the group.

Gary Hanson said he prepared a report on the basic accomplishments of the Council, a general overview, a list of what they've done on public awareness, an item regarding the toll-free hotline, and a list of goals for the future. The State Council hosted the National Conference on Gambling Behavior in Seattle, and he found out that the Washington State Council did more teaching at the conference than they were learning, which surprised him. They taught how to build coalitions with the industry, commissions and other various state organizations. He said the Gambling Commission presently provides around 85 percent of the funding, and the Council hopes to eventually expand its funding base to other sources. Almost everything the State Council does is based on the support of the Gambling Commission. The non-financial support of the Commission, as far as interfacing with the industry, by putting up signs and getting the toll-free hotline brochures out, has also been a great help.

Commissioner Graham said he was one of the commissioners who served with Ann Noel who proposed becoming involved in the issue, and the policy at that time was that the Commission would not go into the treatment end of problem gambling, but that the Commission would only be involved in getting the information out on where to get help through Gamblers Anonymous, etc. He said he called all the Gambler's Anonymous phone numbers on a list he had, which he discovered was a bit out of date. Almost everyone was very complimentary of the Council. He said he first asked about what the Commission is getting for its money when the budget was brought up, and he said the Commission should be brought up to date and kept up to date on what the money is being spent for.

Commissioner Graham said he talked with some people who have attended the Council's seminars and he found out that Gambler's Anonymous takes no donations and only uses volunteers for the work it does. The volunteers foot the bill and some have been doing this for years to help their fellow man and woman. The one complaint people had -- more from Eastern Washington than from Western Washington -- was that it is very

difficult for them to become listed in the yellow pages because of the cost. Spokane's phone book would have charged them \$43/month to be listed, and they could not qualify as a non-profit organization according to the telephone company. They do not have enough money to pay for the cost of being listed. Some of the people complained that professionals working with alcoholics and others did not know where the Gambler's Anonymous locations in their community were. An Everett volunteer said they got four to five referrals per week but only one shows up. He said there seems to be a gap between the initial contact made by people needing assistance and actually coming to an appointment to receive the help. There are also people who call the Council's 1-800 number for referrals who never show up for appointments or follow through. People at G.A. said the Council on Problem Gambling operators may not be giving callers enough help or encouragement to get them to the next person. People who call quite often do not keep their appointments, possibly because the locations for help are difficult to get to, especially in Eastern Washington. Most all G.A. phone calls go to an answering machine someplace. Bellingham's number has been disconnected.

Mr. Hanson said it is a personal goal of his to reach out more in this state. The Council has mostly, because it's a new Council, had to focus on one area at a time, which has been the Puget Sound region. The first free training conference was given in Spokane to help further the area covered. **Commissioner Graham** suggested that the Council add to its seminars the need to go around the state and not stay in one location.

Dr. Maurer said Gambler's Anonymous is a free-standing, self-help group that absolutely does not want any contamination by outside sources. They have their own meetings around the state and around the region. The Council invites G.A. to attend its seminars. Gamblers are very resistant to coming in voluntarily for treatment. Out of about 250 gamblers that he's treated, seven have come in on their own. Most are prodded into treatment by a law enforcement officer, an attorney or, mostly, by a family member. In his 22 years of clinical experience gamblers are much more resistant to treatment than alcoholics or people with drug dependencies. He said he went to G.A. meetings as a guest for 10 months, and 167 people came through the door, but 130 of them never came back. This is a deep frustration for G.A. members.

Dr. Maurer said the problem with the phone numbers is that the ones listed by the Council are obtained from G.A. The Bellingham G.A. has been up and down a lot. The most important issue is that as awareness increases, the chapters have almost tripled in ten years. The issue with the Council's 1-800 number is that there is a liability issue extending to the Gambling Commission in that, if the operators offer too much help, then they are entering into the issue of treatment over the phone. What the 1-800 operator, Deborah Rost-Miller does is give a very brief and warm screening interview to find out who's calling -- statistics must be collected for the Lottery Commission so they will pay for the cost of the line. The State Council has placed the 1-800 number in all the yellow pages around the state. G.A. cannot afford, unless a chapter has a rich member, to pay for yellow page ads for \$500 per year. Every yellow pages now has a 1-800 number to call in order to find out the most up to date number for G.A. in their area. The State Council does not want to provide treatment. Ultimately, if they are to follow other state's leads, the Council may attempt to nudge the state toward that direction. Right now, the Council and the state cannot afford to be in the treatment arena, and they must be very careful what the 1-800 operator says to people calling for help.

Dr. Maurer said what the Council's conferences offer is geared primarily toward the professionals who are doing assessments and interventions. The seminars might even be harmful to those who are problem gamblers. The problem gambler who resides in Olympia can come to the Tyee and take the workshop for free and hopefully get valuable information that will help them and not shock them.

Commissioner Graham said that someone at the Spokane meeting said there were 11 people from the Veteran's Administration present at the Spokane conference. **Dr. Maurer** said the V.A. was responsible for the first in-patient treatment program, which was established at the Brecksville V.A. Hospital 22 and a half years ago. He said he's giving a talk next Tuesday to the Seattle V.A.'s addictions unit to encourage them to get up to speed. Male veterans have a very high incidence of alcohol use and gambling related behaviors. Four out of ten problem gamblers are also alcohol dependent. The Spokane V.A. has taken even more of a

lead than the Seattle V.A. Their treatment is free to honorably-discharged veterans.

Commissioner Graham asked what type of gambling most people are addicted to. He said people on the G.A. hotline numbers said there was upsurge when the state approved Washington Blackjack. In Vancouver, a fellow said the Oregon video poker machines are a problem for some. **Dr. Maurer** said the Lottery Commission funded the two state prevalence studies, and those results showed that most problem gamblers are betting on sports with friends and acquaintances, non-charity bingo, and the daily 1-2-3 game. It depends where people live. He said he knows a mental health provider in Eugene, Oregon, who has already seen in one year more problem gamblers than Dr. Maurer has seen in fifteen years, and 95 percent of these people are playing video poker in Oregon. The problem with video poker is that it's a rapid game and is especially addictive for women, who are very different in the forms of gambling addiction. In Vancouver there is a higher incidence of cards and video terminal play; in Seattle it's closer to what the prevalence survey indicated. **Commissioner Graham** said he spoke to one person who found that the reservation Indians, now having more money from gambling, are showing an increase in alcoholism, drug abuse and gambling problems. **Dr. Maurer** said research has been done on that in North Dakota. The Tulalip Tribe is in the process of considering establishing a specialized gambling treatment program for tribal members. He said that he hopes the State Council does research or provokes research to be done regarding the influence of tribal gaming on everyone, but in particular, children and adolescents who live on reservations. That has begun to occur with interest by the Tulalip Tribe and the Jamestown S'Klallam Tribe, which has invited the Council over for a workshop in October.

Commissioner Graham asked if Dr. Maurer thinks the state of Washington will ever have a treatment hospital for problem gambling treatment. **Dr. Maurer** said one of the largest addiction treatment companies in the country, Care Unit, investigated a pilot program that their board of directors said would not work because there is not enough of a documented problem in Washington state. Fifteen years ago, 167 people came to the G.A. meeting he went to and three committed suicide within ten months. Until private industry sees that it's cost effective and profitable, there will not be such a facility. In the next ten years or hopefully sooner, there will be privately-funded programs with government assistance available, where people can go for extended in-patient or more intensive out-patient treatment over two to three years, not just 30 days. It takes time for a social change to occur. He said the only people who can afford the charter hospital program are those with health insurance policies that will cover mental health problems, and who can afford the air fare plus a co-payment. Most people who come into practitioners' offices have to have health care insurance or a sliding fee schedule.

There is a need to increase the awareness on the front line, such as community mental health centers, state agencies and alcohol/drug dependency programs. The prototypic pathological gambler in the state of Washington is under 30, single, no high school diploma, earned under \$25,000 and are non-white. These are not the people who attend G.A. meetings and they're not people who come into his office. They don't have money, they're not employed and they're not skilled. They are people who are going to end up in prison for taking money to support their habit, or end up on welfare, or they're going to end up, most likely, at a community alcohol center.

Commissioner Mosbarger asked where the other funding comes from; **Dr. Maurer** said the Commission actually provides closer to 75 percent of their funding. Three years ago, the Council approached the Legislature with a recognition bill that made it through the House unanimously, but was blocked by the Chair of the Senate Commerce and Labor Committee. The next year, a recognition/funding bill made it through the House committee, but because of the budget shortfalls, ended in the Revenue Committee. The Lottery Commission's mandate does not allow them, without legislative mandate, to do anything more than research. Anything they provide the Council must be of a research nature, hence the \$90-100,000 they spent on the two prevalence surveys, and the \$40-60 per month they spend on the hard cost of the telephone. They don't pay the yellow pages; they pay the GTE bill that comes every month. The Legislative Budget Committee is in the process of looking at three aspects of the Lottery, and he hopes that, within the next several legislative sessions, they will have a bill pass and be signed by the Governor that will enable the Lottery to stand their fair

share of this issue. The Horse Racing Commission has been challenged and has been unable to do much, but they've wanted to. The Lottery says they are limited by their mandate.

Commissioner Mosbarger said she questions whether the Lottery isn't the number one gambling problem; **Dr. Maurer** said that, if you look at the date, their daily pick three game is one of the top three forms of gambling that problem gamblers have. If you look at the big picture, given the wide variety of other forms of gambling that are regulated by the Gambling Commission, the Lottery is pretty low on the list, although it is still a significant issue. He said \$2-4,000 per year from their budget of \$250 million-plus; **Chairman Tull** said it's the only game the state of Washington plays against its citizens. **Dr. Maurer** said they have made significant strides with the Lottery, and the deputy director has said that five years ago the Lottery didn't think it was a problem, but they now realize they are a part of the problem and must be part of the solution. **Commissioner Mosbarger** said that every time the Lotto jackpot gets above \$5 million, you can go into any grocery store or 7-11 store and there's a line of people waiting to purchase lotto tickets; **Dr. Maurer** said there are chairs in card rooms where people sit and wait for a chance to play. He said the Council is trying to get the Lottery to put the 1-800 number on the electronic message boards and to also put the 1-800 number on the back of their tickets, as seven other states already do. He said the other sources of their income come from the industry. Ron Ruddy, vice president of the Board, is the guardian angel who is gently putting the motivation behind others in the gambling industry to make contributions. There are a lot of people in the industry, such as tavern owners, who would feel a direct cut if they were to make too much of a contribution. Through balanced public education, people will no longer see this as a threat but as something responsible for everyone to do.

Dr. Maurer said he appreciates Commissioner Graham's homework on this issue. He asked the Commission to think about the question of using contract funds to have the Council put the local G.A. numbers in local G.A. yellow pages, since they can't do it themselves. **Commissioner Graham** said he wouldn't have any disagreement with that, because it would be getting the information out to the public. **Chairman Tull** said he'd like to see the visibility be increased, and he'd also like for the Gambling Commission and Lottery Commission to know what the effects are of the tremendous increase in the nature and scope of gambling throughout the state. At some point, the Legislature will need to be informed of the Commission's best judgement as to whether or not an adjustment is needed in the laws as to the types of gambling that should be limited. **Dr. Maurer** said what the Commission could do in two or three years is urge for a second prevalence survey to gauge what's happened after casino gambling has come on board. That data can be compared to the first study. He said a similar study in South Dakota showed that problem gambling actually dropped a little bit, although that doesn't make sense.

Chairman Tull said the commissioners now have in front of them a very complete packet of information on the program. He thanked the representatives of the Council for their presentations and for answering questions. Ms. Tolton handed around signs produced by the three commissions that would be posted in all licensed establishments; **Director Miller** said these signs are the result of state law. The Legislative Gambling Policy Task Force recognized the issue of problem gambling for the first time and passed a law requiring all gambling establishments to post signs.

Chairman Tull reminded the commissioners they can bring up the topic of the personal services contract or the Council on Problem Gambling at any meeting if they have anything to discuss or act on. He said he attended the national conference last year and found that Washington is probably a little ahead of the wave. He said he didn't hear any objection from the commissioners to Dr. Maurer's request to publish the G.A. phone numbers, and if anyone has objections they will let the Council know.

Director Miller requested a brief executive session today regarding updates on pending litigation.

LICENSE APPROVALS

NEW LICENSES, CHANGES, WITHDRAWALS, and TRIBAL CERTIFICATIONS

Ms. Cass-Healy said there is an addendum for this section; Excelsior Management Company. **Chairman Tull** said that one will be taken separately. **Commissioner Graham** asked about page number four, which is recreational gaming activities. **Mr. Bishop** said the organizations want to get together with their employees and have casino gambling with no wagering. **Director Miller** said that a couple years ago some groups wanted to use professional equipment and have no wagering at employee picnic, but that wasn't legal because they could not possess the gaming equipment. A new category of license was created to allow them to possess the equipment for the purpose of recreational gaming with no wagering. **Commissioner Graham** said every time there are licenses to approve, there are upgrades. Those who are going down in class do not face the approval process, so it's hard for him to tell how many are going down hill. **Mr. Bishop** said staff isn't seeing as many going up as there used to be, but there isn't a great deal of going down either. He said he could provide a report next month. There are now refunds for those who end up over-classed, and he has heard from staff that they are increasing slightly.

Commissioner Heavey said there are three fund raising events listed, and two have already taken place; **Mr. Bishop** said the director can provide a temporary license for up to 60 days, and these organizations generally ask for a license they must have quickly; **Commissioner Heavey** said that doesn't make sense, and might as well be left out of the material. **Mr. Bishop** said the license is good for the event and for a year to possess the equipment; and this is an operational issue that can be left off the agenda in the future. **Chairman Tull** said if the director has the authority to grant these licenses, then they need not come before the Commission. The system is not in place to hold up all of these until there is a chance for review. **Mr. Bishop** said this type of approval is granted 50 percent of the time because of the timing of these events. The organizations usually need to hold the event in the next month or so. **Director Miller** said fund raising event authority could be delegated more specifically, because staff looks at whether they are a non-profit organization and that's it. **Commissioner Heavey** said if they don't apply for a license in time for their event, they shouldn't be allowed to hold their event. Either that, or the rule must be changed. **Director Miller** said these are not major operations; larger operations or management companies would not be able to rush through an application. **Chairman Tull** said there will be more discussion on this next month with a possible change.

Commissioner Graham moved that the licenses, changes, withdrawals and tribal certifications be acted on in accordance with the recommendation of Commission staff; **Commissioner Divine** seconded the motion, motion carried.

EXCELSIOR CASINO MANAGEMENT GROUP, INC.

Ms. Courmerilh said this company has applied for a Class III certification as a management company. The Chehalis Tribe has submitted an application requesting the certification of Excelsior to manage its casino on tribal property in Chehalis. Currently, the president of the company is Bruce Einhorn, who owns 75 percent of the company; Mr. Paul Brodey is vice president and secretary/treasurer, and he owns 25 percent of the company. Excelsior was incorporated in Washington State on December 8, 1992, and its primary business is providing management services related to casino operation. Excelsior entered into a Class III contract with the Chehalis Tribe on May 16, 1993, which calls for Excelsior to manage the Tribe's casino, food and beverage sales, shop concessions, bus marketing program, entertainment and sporting events. The registered agent for the corporation is Bruce Einhorn. The company does not currently have any other Class III or Class II management contracts. A financial investigation was conducted on-site in Mansfield Center, which was the location of the management company. Records were reviewed to determine ownership and to verify source of funds, and no undisclosed third-party interests were discovered. No unusual items were noted during the investigation and there was no indication of hidden ownership. Based on this investigation, staff recommends certification as a Class III management company.

Commissioner Graham asked if the company is working with any other tribes in the state of Washington at this time. **Bruce Einhorn** of Excelsior said that his company is not working with any other Washington state tribes. A number of tribes have contacted the company, but they prefer to stay with the Chehalis Tribe to get certified and licensed, and then later see what other opportunities arise. **Commissioner Heavey** asked if any of the individual principals of the company are involved with any other tribes; **Mr. Einhorn** said he is working part-time as a consultant for the Colville Tribe in Eastern Washington. He said this involvement was not without conversations with the Gambling Commission as far as his licensure and status, and if he could do so without jeopardizing himself. He is also licensed in three other major jurisdictions in the country -- Nevada, Connecticut and New Jersey -- since 1979, and he's not seeking to do anything to put his background or licensure in jeopardy. **Chairman Tull** asked if those licensing jurisdictions sanctioned the level of involvement he has had with the Colvilles; **Mr. Einhorn** said the only communication he's had has been with the state of Washington and the NIGC before moving with any contact with the Colville Tribe. He said he's not active in those other jurisdictions right now. His attorney has spoken with people in each jurisdiction and they aren't addressing the situation until there's a reason to.

Mr. Einhorn said his role with the Colvilles began when, based on their Ninth Circuit decision, they wanted to set up a casino. At first they wanted Excelsior to come in as the management company, but Excelsior declined. When they asked Mr. Einhorn to personally help set up internal controls and training programs, he called Director Miller and Ms. Tolton and asked if that would be acceptable. Director Miller and Ms. Tolton said they felt it was okay, and if it wasn't, they would get back to him and he said he'd be willing to withdraw at any time if they felt it was unsatisfactory. He said he mostly has communications by phone and by fax two or so days per month. This was pre-machine, and since then he has been trying to convince them to deal with the state in a compacting situation rather than to proceed along the line that they are going. He said to be a credible player in the area of gaming, you need to play by the rules, but that sometimes tribal gaming issues become very political in tribal governments.

Chairman Tull asked if the question of Mr. Einhorn's actual involvement has been part of the evaluation leading to the recommendation by staff; **Ms. Courmerilh** said no, it was not. **Director Miller** said there have been employees of some supplying companies who have come to the agency and met personally with staff to discuss their business dealings with certain tribes. Based on his authority, Director Miller allowed them to participate with the operation, without it affecting their license, knowing full well that if that decision or policy changed, they would have an opportunity to surrender their state license and continue their employment, or surrender their employment to preserve their state license. He preferred to have people who were certified by the Commission and who staff had done background investigations on, rather than people who were unknown.

Chairman Tull asked his opinion on the activities Mr. Einhorn is engaged in with the Colville Tribe; **Director Miller** said, given the commitment agreed to, his involvement should not be an obstacle to licensing. If the commissioners find that it is an obstacle, then he said Mr. Einhorn should have the option of either quitting, leaving or withdrawing. There are about 35 or so people employed in non-compacted areas, dealers who are certified by the state. In reality, their certifications are void because they can't work anywhere else until another tribe approves them. It becomes an issue when individuals are involved in the management of the casino operation, and in the area of suppliers. When it comes to the area of slot machines, the answer has been no to absolutely everybody. In the case of Mr. Einhorn, the issue was more unique because of the court decision involving the Colvilles. Staff felt it was more in the agency's best interest to have some back-grounded people there rather than no back-grounded people there.

Chairman Tull asked what the time-table is for the Chehalis operation construction; **Mr. Einhorn** said they expect to break ground in three to four weeks. The environmental impact notice period finishes in about two weeks and the Tribe is anxious to break ground soon. **Commissioner Mosbarger** asked how long his contract is with the Chehalis Tribe and with the Colville Tribe; **Mr. Einhorn** said his company will operate the

casino, and the contract is five to seven years. He said his agreement with the Colvilles runs until October 15, 1994, and it is not a renewable contract. **Commissioner Heavey** said that, until a policy is established with regard to whether licensed individuals place their license in jeopardy by engaging in employment with tribes that are engaged in illegal activities, the Commission should make these people fully aware that they may have to make a choice in the near future as to whether they're going to give up one activity or the other. **Chairman Tull** said there is abundant existing law in the RCW that says people are not to be involved with illegal gambling if they expect to be a legal, licensed operator in the state of Washington, which includes tribal operations. **Director Miller** said this can be taken to any degree, and that any future employee could be banned if they're dealing for five dollars per hour at an illegal operation from gaining employment at the Chehalis Tribe's operation. **Chairman Tull** said there are all sorts of issues to consider, and there is an argument that the standard is different when evaluating the decisions of dealers who make five dollars an hour than it is with management companies. He said he is comfortable that the issue was raised and discussed by Director Miller and Mr. Einhorn over a period of time and it hasn't been something where Mr. Einhorn's disregarding the rules of the Commission. He said he is prepared to accept the recommendation of staff, but he said this is an issue of the utmost sensitivity. Understandings with management companies or major suppliers can be risky.

Director Miller said there was never a promise made, other than if the policy ultimately changes and the Commission takes a different view, then the employee should have an option to get out and have it not be held against them. That sort of arrangement with a supplier has resulted in the positive aspect of the supplier agreeing to notify the Commission of the people they buy products from. He said any policy statement from the Commission would be most helpful in this area. **Chairman Tull** commended Director Miller for handling these situations carefully. He said that, in the future, he will be very critical of people who have involvement in illegal activities knowingly -- particularly people at supervisory levels -- and the fact that it's been discussed ahead of time only assures the licensee that that staff person will try to stand up for them. It does not mean that the Commission won't hold it against them.

Commissioner Graham moved for certification to begin October 17, 1994; **Commissioner Divine** seconded the motion. **Commissioner Mosbarger** said she feels they would like to get started with hiring immediately and should be approved with the condition that Mr. Einhorn not be involved with the Colville Tribe beyond October 15th. In that case, it would be reconsidered. **Commissioner Heavey** said he cannot vote on the motion because he feels the policy is being backed into and should, instead, be handled directly. He said certifying Excelsior now and reconsidering later could cause problems because they plan to break ground so soon. **Chairman Tull** restated Commissioner Graham's motion that Excelsior be approved beginning October 17th, two days after his contract with the Colvilles expires. **Commissioner Graham, Commissioner Divine and Chairman Tull** voted aye; **Commissioner Mosbarger and Commissioner Heavey** voted no. **Chairman Tull** said supports passing this now and formulating a policy later in order to not hold back the Chehalis Tribe.

Mr. Einhorn said that he would withdraw from the Colville tribal operation immediately if that is the problem; **Commissioner Heavey** said that is not the problem, and the policy still needs to be dealt with more directly. He said he would make a motion to not issue licenses to any person that's employed in any capacity by a tribe that doesn't have a compact with the state. **Ms. Tolton** said they are not issued that way now, but their certifications are carried with them when they left a compacted tribe. **Chairman Tull** said that Commissioner Heavey's motion is out of order. He said this issue can be addressed as an agenda item at a later time for discussion and action as may be appropriate. The Commission is involved in an individual certification matter and must confine itself to that. He said the policy question must be dealt with carefully and discussed at length before a decision is made.

Chairman Tull moved to approve certification of Excelsior, because the particular individuals have tried to be open and communicative with staff, and also because he would not like to place an undue barrier in the way of the Chehalis Tribe; **Commissioner Heavey** seconded the motion; **Commissioner Mosbarger** asked if that motion includes the condition that Mr. Einhorn cut his ties with the Colvilles; **Chairman Tull** said no, that

condition is not part of his motion because it is a premature articulation of an absolute policy. He said he trusts Mr. Einhorn to make his own decisions as to the interim. The vote was taken; motion carried with five aye votes.

Chairman Tull asked for staff to research how other states, such as New Jersey and Nevada, deal with issues like this and get the information back to the Commission before the October meeting. He said he'd like to frame the issue before drafting a rule or voting on a policy. **Director Miller** said there are only two companies that are involved in other non-compacted operations. There are about 35 employees that have left compacted operations to work at non-compacted operations. In order for them to go back to a compacted tribe, that particular tribe would have to approve them. He said staff will put together a report for next month's discussion. **Senator Prentice** asked for clarification on the employees, and if they are referring only to those who are certified; **Director Miller** said the discussion is regarding those who have already been certified by the Commission to be dealers or other gaming workers. In theory, the Commission does not have jurisdiction over them when they go to work for the Colville operation, because they could surrender their license and still continue to work for that tribe. **Chairman Tull** said there is a big distinction between dealers and management in Class III operations. In the licensed card rooms, card room employees cannot work in illegal card games and that is a matter of great concern. He said that if Mr. Einhorn had not discussed the issues with staff prior to going to work for the Colvilles, then, in his opinion, he would be out.

REVIEW OF FRIDAY'S AGENDA

Ms. Sutherland said tomorrow's agenda includes one rule up for final action, and it deals with the permanent deletion on pull tab flares of prizes that have been won. There are 13 rules presented for discussion with final action in October; and of those 13, there are replacement rules provided in addendum form for items 4 (E), (F), and (G). These rules pertain to fee increases. The Office of Financial Management provided the Commission with a different calculation, so the fee increases will actually be slightly lower. Item 4 (L) is replaced by an addendum, WAC 230-30-072. Twelve rules are presented for discussion and possible filing. All the rules on the agenda are housekeeping changes in relation to the proposed changes to the fee schedule. In addition, there is one rule, WAC 230-08-010, which is not noted on the public agenda and will be provided in an addendum. This has to do with the group of rules related to the pull tab retention test.

Mr. Bishop said that OFM changed the physical growth factor by .09 of a percent, which caused some of the fees on the schedule to exceed the growth factor. Minor adjustments had to be made, and \$5,600 less revenue is the result of the adjustments. Also, he said there will be a distributor present to testify on the rule change relating to the permanent deletion of prizes won on pull tab flares. He would like to make a small presentation with his stickers, for which he has received a trademark and spent a lot of money to stock. **Director Miller** said there have been cases where stickers were being placed on prizes won, and then were being removed later on so as to appear that the prizes were still available.

GENERAL DISCUSSION

Director Miller said there was a meeting with the charitable gaming people this morning. One of the rule packets being proposed in the future is a plan to bring into the licensing process executive directors of the non-profit agencies licensed by the Commission. The C.A.Y.A. case, which is still pending, brought a problem to light in that this organization had problems in the management and oversight of its bingo operation. The Commission has no authority over executive directors because it does not require them to be licensed. In the case of C.A.Y.A., the executive director was licensed as a bingo manager because he chose to be licensed, so action could be taken on his license. Had he not been licensed, the only recourse would have been to go after the organization instead of the individual, and that would not have been fair because they sought help

from the Commission to find and fix problems. Considering the large games in this state and the number of people involved in gaming, there is a need to license more than just the bingo managers. Pull tab managers in non-profit organizations are also not currently licensed. A rule change proposal is being worked out now to ensure that those people involved with the gambling funds and who have the ultimate responsibility have some accountability to how they perform. He encouraged the commissioners to sit in on the next study group meeting in October.

QUALIFICATION REVIEWS

BIG BROTHERS/SISTERS OF WHATCOM COUNTY, Bellingham

Ms. Coumerilh said this is a charitable organization with a Class "K" bingo license, a Class "K" punchboard/pull tab license, and a Class "E" amusement game license. The organization was formed in 1976 and has 18 voting members. Management and program staff support and guide children, ages 6-14, through the challenges of life. Volunteer big brothers/sisters are matched and spend four hours a week participating in activities and building friendships. They served 3,708 clients with eight employees and 140 volunteers. They contributed \$26,028. Net gambling revenues totaled \$357,489 and bingo net income was \$337,344. They spent \$356,457 in support of their stated purposes. The families of more than two dozen little brothers and sisters received important assistance through emergency rent, clothing, food, counseling and emergency psychiatric evaluation. Staff recommends qualification as a charitable organization. **Chairman Tull** said that Mark Taylor, executive director, is here today and could answer any questions the commissioners may have. He said he participated in a building dedication for this group a few months ago for a facility that houses the Big Brothers/Big Sisters operation. Not the bingo facility, but the actual administrative offices.

WHATCOM COUNTY CRISIS SERVICES, BELLINGHAM

Ms. Coumerilh said Katie Casey, executive director of this organization is here today and can answer questions. This is a charitable organization with a Class "L" bingo license, a Class "M" license for punchboards and pull tabs, and licenses for amusement games and raffles. First formed in 1979 and licensed since 1983. They have 15 voting members. The organization maintains a full-time administrative office in Bellingham. Program employees are responsible for management of crisis services and trained volunteers provide direct services to the community. They have four different programs: crisis intervention program, domestic violence program, rape relief/sexual assault program, and a community relations program. They served 30,347 clients with 14 employees and 160 volunteers; contributions totaled \$9,172. Net gambling revenues totaled \$478,893 and bingo net income was \$486,471. They spent \$753,484 in support of their stated purpose. In 1993, a telephone check-in service for the home-bound and elderly was implemented, and sexual assault support groups were established in middle schools and high schools. In addition, the domestic violence program assigned a staff member to accompany Bellingham Police Department officers when they talk to victims the morning after a domestic violence arrest. Staff recommends qualification as a charitable organization.

Commissioner Graham asked if they own their own building; **Ms. Casey** said yes, they do. **Chairman Tull** asked about the drop in net revenues; **Ms. Casey** said the biggest reason for that was the status of the Canadian dollar, and their customer base is 50-60 percent Canadian. Fewer people are coming over from Canada to do the other things they used to. She said there are 8,000 fewer crossings per month, and they'd like to have 9,000 players per month in the bingo hall. They also switched days from Monday to Sunday in order to accomplish their remodel, which put them into direct competition with Big Brothers/Big Sisters on a day that they didn't used to be in competition with them. One other thing was that they lost a very seasoned and excellent bingo manager, and Ms. Casey was trying to manage the game for awhile (with a bingo license).

Everyone in the county is experiencing problems related to the Canadian dollar.

AMERICAN LEGION #86, Blaine

Ms. Coumerilh said this is a patriotic organization with a Class "F" bingo license, a Class "J" license for punchboards/pull tabs and licenses for raffles. The organization was first formed in 1922 and has 475 voting members. The organization maintains a community service club in Blaine. Charitable services include direct assistance programs to veterans and their families, disabled people, needy families and supporting youth groups. Other charitable/civic services are provided indirectly through scholarships and donations of cash to various non-profit organizations. Services were provided to approximately 86 of the general public and 21 members with 50 volunteers. Contributions totaled \$31,344. Net gambling revenues totaled \$119,806 for the year; bingo net income was \$52,103, and they spent \$97,369 in support of their stated purpose. Improvements were made to the property, including the installation of storm windows throughout the building, installation of air conditioning in the offices and increasing the size of the parking lot, flag pavilion and picnic area. Staff recommends qualification as a patriotic organization.

BOYS' AND GIRLS' CLUB OF SNOHOMISH COUNTY, Everett

Ms. Coumerilh said this is a charitable organization with a Class "H" bingo license, and a Class "J" license in punchboards/pull tabs. They were first formed in 1947 and have 23 voting members. The organization consists of seven clubs throughout Snohomish County that conduct before and after school programs at 12 locations. Members are boys and girls ages 6-18 who participate in six youth-oriented programs: cultural enrichment activities, outdoor environmental education, health and physical education, social recreation, personal adjustment services, as well as citizenship/leadership education. They served 11,000 boys and girls last year with 57 employees and 1,489 volunteers, and they contributed \$12,050 to other organizations. Net gambling revenues totaled \$7,075; bingo net loss was \$53,222. The organization spent \$935,203 in support of their stated purposes. The organization increased their membership during the year by eight percent to the 11,000 figure, and was contributed to extending their Friday night hours at nine locations and opening additional service sites at several schools. Staff recommends qualification as a charitable organization.

Director Miller asked what the reason is for the bingo net loss; **Ms. Courmerilh** said the organization was a victim of arson and were not licensed for a new location until April 1993. The executive director said he feels that, in their current location in Mukilteo, they are operating at a level now that they were operating at before the fire. During a seven month period from January through July 31st, net bingo income is \$59,726, and their pull tab net is \$48,946; so they have definitely made a recovery and are on the right track.

BOY'S AND GIRLS' CLUB OF WHATCOM COUNTY, Bellingham

Ms. Coumerilh said they are a charitable organization with a Class "J" bingo license, and a Class "A" license in raffles. The organization was first formed in 1968 and has 15 voting members. They operate two multi-purpose recreational facilities in Bellingham and Blaine. Program services are conducted to enhance the lives of boys and girls ages five to 18. Various sports activities are available to members. The club places special emphasis on working with youth from disadvantaged socioeconomic backgrounds. They served approximately 3,900 clients last year with 14 employees and 450 volunteers. Bingo net income was \$487,372; and they spent \$330,398 in support of their stated purposes. During the year, the organization expanded their "Too Smart To Start" anti-drug/alcohol prevention program. The Blaine club has moved into a new facility and participation has increased to an average of more than 60 members a day. They secured 10 acres of property from Whatcom County to develop a youth athletic complex, and there is no charge for their 25-year lease.

Construction is planned for the summer of 1994, and they anticipate completion by next Spring. Staff recommends qualification as a charitable organization. **Chairman Tull** said he would think this organization would have been the most heavily impacted by the Canadian dollar situation, and yet they were very successful with their bingo game.

F.O.E. #3029, Blaine

Ms. Coumerilh said they are a fraternal organization with a Class "H" bingo license, a Class "G" and a "J" license in punchboards/pull tabs (operating at two different locations; the club lounge and the bingo hall), and also have a license in raffles. The organization was first formed in 1950 and has 626 voting members. They are primarily a community service club for members in Blaine. Activities include monthly dinners for members and their families, sponsoring sports leagues and hosting Easter and Christmas parties for children. Other charitable and civic services are provided indirectly through scholarship awards and donations. They served a total of 626 members and approximately 250 of the general public last year with two employees and 40 volunteers. They contributed \$11,673 and awarded \$1,100 in scholarships. Net gambling revenues totalled \$269,656; bingo net income was \$158,288. The organization spent a total of \$140,959 in support of their stated purposes. The organization accumulated more than \$850,000 to fund the construction of their new Aerie facility. Construction began in August 1993, and the building opened June 13, 1994. Staff recommends qualification as a fraternal organization. **Chairman Tull** said he has driven by the new facility and it looks very nice; he asked if they used most of their accumulated reserve for the construction. **Ms. Coumerilh** said yes, the organization has indicated they no longer have excessive reserves.

TOTAL LIVING CONCEPT, Kent

Ms. Coumerilh said they are a charitable organization with a Class "H" bingo license, and a Class "H" license in punchboards/pull tabs. The organization was first formed in 1982 and they have 30 voting members and maintains full-time administrative offices in Kent. Program staff provide basic instruction on managing daily tasks and are available to clients on a 24-hour basis. Three programs promote community integration and social interaction: 1) Individualized Residential Support Program, 2) Community Guide Programs, and 3) the White House Program. They served approximately 50 clients last year with 135 employees. They contributed \$5,000 directly to other organizations. Net gambling revenues totaled \$267,122. Bingo net income was \$191,010. They spent \$1,060,996 in support of their stated purposes. The organization is proud of the continued growth of its programs and of the increased level of community participation and awareness. Staff recommends qualification as a charitable organization.

Commissioner Mosbarger moved for qualification of the above organizations; **Commissioner Divine** seconded the motion; motion carried. **Chairman Tull** said he is proud of Whatcom County licensees and their leadership throughout these processes.

QUALIFICATION REVIEW FOLLOW-UP

SPOKANE VALLEY FOUNDATION, Spokane

Chairman Tull said he'd like more time to look over this information before acting on it. He said he would add it to Friday's agenda for discussion and possible action. If the Commission is not ready to act tomorrow, it will be deferred to a later meeting.

Chairman Tull called for an executive session and adjourned until Friday at 10:00 a.m.

WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING FRIDAY, SEPTEMBER 9, 1994

Chairman Tull called the meeting to order at 10:05 a.m. at Lakeway Inn, Bellingham, Washington.

MEMBERS PRESENT: ROBERT M. TULL, Chairman; WANDA MOSBARGER, Vice Chair; PATRICK GRAHAM, ARDITH DIVINE and EDWARD HEAVEY; and Ex Officio Member SEN. MARGARITA PRENTICE.

OTHERS PRESENT: FRANK L. MILLER, Director; BEN BISHOP, Deputy Director; SHARON TOLTON, Assistant Director, Special Operations; CALLY CASS-HEALY, Assistant Director, Licensing Operations; PATTI COUMERILH, Financial Investigations; SHERRI WINSLOW, Assistant Director, Field Operations; JONATHAN McCOY, Assistant Attorney General; CARRIE SUTHERLAND, Special Assistant, Public Affairs; and SUSAN GREEN, Executive Assistant.

Chairman Tull said there are some addendums to some proposed rules on today's agenda, and copies are available at the back table. There are no new agenda items.

APPROVAL OF THE MINUTES FROM THE AUGUST 11-12, 1994, MEETING

Commissioner Heavey moved for acceptance of the minutes from the August 11-12, 1994, Commission meeting in Chelan, Washington, as set forth and printed in the agenda packet; **Ms. Tolton** said there is a typographical error on page eight of the agenda. The date should read August 12, 1994, on page eight instead of July 15, 1994. **Commissioner Divine** seconded the motion with the correction; motion carried.

ADOPT OR AMEND RULES

PUNCHBOARDS AND PULL TABS

Amendatory Section, WAC 230-30-070 -- Control of Prizes

Ms. Sutherland said this is proposed by staff for final action. The amendment clarifies the requirement for punchboard/pull tab operators to permanently delete references to prizes from the flare upon determination of a winner, which must be done with indelible ink to delete the prizes. It eliminates the use of labels or stickers. Staff recommends final adoption of the rule change.

Perry Panagiotu, president of Tab King Distributing, passed around a proposal for this issue. He testified that this rule will adversely affect his business because he sells winner stickers to cover up prizes on pull tab flares, and has been in the business for 17 years. He said he has worked closely with the Commission in the past

regarding his product. He said he developed the winner sticker as an alternative to the way flares end up looking after the prizes have been crossed out. He addressed a letter to Randee Kerns of the Gambling Commission staff who forwarded the request to then-director Ronald Bailey, who approved his product for use on pull tab flares with the criteria that it covered the actual symbol. He has three different sizes that he sells, and he brought samples.

Mr. Panagiotu said that, since that time, he has invested a lot in this product after gaining Commission approval. He said he sells to other states too, but mostly to distributors and operators in the state of Washington, and that he has accumulated a lot of inventory because 70 percent of the licensees are using winner stickers on their pull tab flares. Other distributors also sell winner stickers. He said the adhesive he uses is destructible, so that when it is pulled off the flare, it can't be peeled off without tearing the paper off and defacing the flare. **Chairman Tull** said he just tried it out on a flare and it left the sticker intact and no paper came up with it. **Mr. Panagiotu** said that there can also be manipulation with permanent marker, and they experimented with spraying furniture polish on a flare before using permanent marker. After writing on the flare, the marker was easily wiped off. He said that he specifically got approval from the Gambling Commission on these stickers and it will have definite impact on his company if the Commission decided to do away with something they already previously approved. He asked for this to be postponed so that a solution can be found to the problem. One idea he has is for little cuts that can be placed into the sticker like is commonly used so stickers come off in tiny pieces. He said another idea is to put a substance on the back of the sticker than would leave a "tattoo" on the paper once applied. In his opinion, the "winner" look of the sticker gives the flares a more positive look. He said he would not have invested so much in these stickers had he not gotten approval directly from the Commission. He said he has in excess of a two year supply of the winner stickers in stock, at a value of \$15,000, with a possible retail resale value of \$30,000.

Commissioner Graham said if this is passed, it would go into effect on January 1, 1995. He asked if Mr. Panagiotu would be able to offer a solution at the next meeting if this was continued; **Mr. Panagiotu** said yes. **Chairman Tull** asked if there might be something he could put on his flares that would make it even more difficult to remove the stickers; **Mr. Panagiotu** said he didn't think so, and every manufacturer has a different sheen to their cards. The example shown to him was a piece of chalk rubbed on the back of his stickers to make them removable. He said he had never thought of that, but there must be many ways for people to cheat. **Director Miller** said the Gambling Commission is not conducting a test of these stickers, but the issue surfaced when people were found to be cheating with the stickers and two licensees were summarily suspended. It has not been a wide-spread problem but there is the potential for more cheating because of the ease in removing this product.

Commissioner Mosbarger asked if this is less secure than marking off the flares with ink that comes off; **Director Miller** said he had never heard of anyone wiping ink off of flares. **Commissioner Heavey** said an alternative would be to not allow surfaces on the face of the flares that would allow the wiping off of ink or peel stickers off. **Mr. Panagiotu** said there is an adhesive called "tire tack" that is used on tires and does not come off until it is worn off. **Commissioner Mosbarger** asked how long his supply of stickers will probably last; **Mr. Panagiotu** said approximately 24 months. They just loaded up on inventory in June. He said he was not notified of any problems in the two-and-a-half years he's been selling the stickers.

Chairman Tull said some people will always find ways to cheat. He said the licensee community is not heavily populated with those who will cheat.

Mr. Panagiotu said he has no problem with having to make improvements in products as necessary, and his concern is that he went to the Commission for approval and got that, and now he wants to know what the state plans to do about what they've already given him the approval to purchase and market.

Commissioner Graham moved to continue this to the October meeting in Leavenworth; **Commissioner Mosbarger** seconded the motion; motion carried.

LICENSING

Amendatory Section WAC 230-04-190 Issuance of License

Ms. Sutherland said this is up for discussion with final action in October. The rule clarifies the two-part payment plan, and that agricultural fairs may not conduct fund raising events. It clarifies that not only commercial business operators, but any person can operate amusement games. It clarifies that the Commission issues licenses to manufacturers and distributors of bingo and other gambling equipment, and that fund raising licenses are valid for only the event, rather than for a whole year; however, the fund raising event licensee can rent the equipment for a year from the date of the event. Staff recommends further discussion.

Repealer WAC 230-04-199 Class R Recreational Card Games Conducted By A Bona Fide Charitable or Bona Fide Nonprofit Organization.

New Section WAC 230-46-100 Bona fide charitable/nonprofit organizations -- Limited social card games without obtaining a license -- Conditions.

Ms. Sutherland said these are for discussion with final action in October. The new section authorizes charitable or nonprofit organizations to conduct limited card games on their premises without obtaining a license. The activity was previously licensed, but required very little regulation because of the scope of the games, and the \$25 fee was insufficient to fund issuing the license and completing other basic regulatory functions. Staff recommends further discussion. **Mr. Bishop** said he's had comments from licensees regarding the impact this would have on the player exception rule in nonprofit locations, such as country clubs or fraternal clubs. He said he would be asking Jon McCoy to look at this to see if it needs to be modified.

Repealer WAC 230-04-201 Fees

New Section WAC 230-04-202 Fees--Bonafide Charitable/Nonprofit Organizations.

New Section WAC 230-04 203 Fees--Commercial Stimulant and Other Business Organizations.

New Section WAC 230-04-204 Fees--Individuals

Ms. Sutherland said these would be consolidated into the applicable WAC section according to whether the fee applies to charitable/nonprofit organizations, businesses, or individuals. Consolidation of fees by type of license will assist staff and licensees in determining the proper fee and reduce the administrative costs of future fee changes by allowing fee tables for specific types of licensees to be modified independent of other tables. There is an addendum on the back table that takes into account the notification by OFM that the fee percentage increase is 6.46 and now must be 6.35, so the fees are slightly lower.

RECORDS AND REPORTS

Amendatory Section WAC 230-08-017 Control of Gambling Equipment--Use of Identification and Inspection Services Stamps.

Ms. Sutherland said this is presented by staff for discussion only with final action in October. It increases the total fee charge for identification and inspection services stamps in order to fund the 1996-97 budget request. Staff recommends further discussion.

RULES OF GENERAL APPLICABILITY

New Section WAC 230-12-090

Problem Gambling Informational Sign Must Be Posted.

Ms. Sutherland said this is for discussion with final action in October. It is the result of a legislative requirement per RCW 9.46.071 in recognition of problem gambling. It provides for the posting of the 1-800 number in licensed facilities. Staff recommends further discussion.

COMMERCIAL AMUSEMENT GAMES

Amendatory Section WAC 230-20-700

Coin or Token Activated Amusement Games--Standards.

Ms. Sutherland said this is presented by staff for discussion with final action in October. The amendment allows coin or token-activated commercial amusement games to have an acceptor to include paper money in addition to a coin acceptor capable of taking money for one play. All games utilizing paper money acceptors that do not return change shall clearly disclose that fact to the consumer. Staff recommends further discussion.

PUNCHBOARDS/PULL TABS

Repealer WAC 230-30-998

Punchboard and Pull Tab Retention Requirements--Test.

Ms. Sutherland said this repeals the test, which will be completed in December 1994. This is presented by staff for discussion with final action in October; however, staff requests that these rules be held over for final action in November, because there is one new rule that will be presented for discussion and possible filing today.

Commissioner Graham requested that at the October Commission meeting that the fee schedule be provided with a sheet showing the old chart and the new chart.

Commissioner Heavey said he has a problem with the coin operated amusement games that don't give change. He said that forces patrons to spend a dollar if they don't have a quarter and only want to play a quarter.

Randy Baierl, Northern Lights Bingo, said at their bingo hall, they provide an opportunity for people to get change for any of the amusement games. He said he has also taken the children to other places where they play amusement games and he has never seen a machine that wouldn't allow the customer to make change at a cash register or attendant. The bingo hall's amusement games accept a dollar bill and do not give change, but the customer can get change and play a quarter at a time and play the minimum. They either provide a change machine near the vending machines or have a cash register and cashier nearby for change. He said it's regulated by the customer as to whether they want to spend a dollar or a quarter. They aren't forced to spend a dollar in that machine because there is an opportunity to make change. He said they make change all the time for every type of vending machine. He said the machines are very expensive anyway, and in order to add the technology of giving change, it adds to the cost and comes out of the money they earn.

Don Kaufman, Big Brothers/Big Sisters Bingo in Spokane, said they (the WCCGA) have developed problem

gambling informational signs that they already post in their bingo halls. They all have local Gamblers Anonymous phone numbers on them. He said a lot of money was spent on the signs, and his hall laminated their signs to extend the life of the signs. He asked if these signs will be approved, or if they'll have to use the signs developed by the state. **Director Miller** asked if his signs include the Council on Problem Gambling's 1-800 number; **Mr. Kaufman** said they have the local Spokane G.A. number for G.A., which they thought was more than adequate. **Ms. Tolton** said the three commissions that developed the signs to be consistent and look the same in each licensed establishment so they can be easily recognized as the signs that the legislature asked for. There may be an ability in the rule to substitute as long as they're posted adequately and, as long as patrons are able to see them. She said that the Spokane G.A. number may be good for some people, but G.A. is not the answer for all problem gamblers. The Council's 1-800 number gives them the opportunity to find out about other networking and referral abilities other than G.A. The law requires a posting of the 1-800 number on the informational sign.

Director Miller said there is nothing that would preclude the licensees from putting up their signs in addition to the state signs. He asked if there is an objection in having to post the state sign. **Mr. Kaufman** said he has not seen the signs, so **Ms. Tolton** provided him with a sample of the state sign. **Ms. Tolton** said she would like input on the part of the rule that states signs must be adequately posted. There are huge facilities and also very small facilities, and right now there is complete flexibility in the rule as to the number of signs and where to post so that there is flexibility in being able to let halls know if their signs are not visible enough in high-traffic areas. She said the three commissions are just trying to encourage the licensees to meet the mandate of the Legislature; this is no longer optional, it's required. **Chairman Tull** said the rule says the Commission will supply the signs, so that means if someone calls and wants 40, they'll get 40 signs. He asked how many signs are in stock; **Ms. Tolton** said the order hasn't been placed yet because of not knowing how many will be utilized in each establishment. The Commission will also be supplying the signs to local law enforcement agencies and anyone else who requests them. She said they're also looking at what the cost would be for brochure holders that could be placed at the point of sale and there would be a sticker placed on the front of the holder. Brochures will be provided.

Mr. Kaufman said he is reluctant to endorse this until there is a full package, otherwise he said there could be something new every month. He'd like to know what's required of operators first before being able to report on the impact on their bingo game. **Chairman Tull** asked if there is a time line that must be met on this rule change; **Director Miller** said this was part of the task force bill that became effective in June 1994, and the rule change would bring the Commission into compliance with the newly-passed law. There is no deadline specified. **Chairman Tull** said he feels that the licensees have been rather progressive on this issue and would like more input on this issue. The idea of uniformity between what each Commission uses also bears serious consideration. **Mr. Kaufman** said there could be a drawback in that if people see the same sign in the tavern and in the bowling alley, then it doesn't mean anything. He said the WCCGA's color poster is very attractive and draws the eye. It's also larger.

Chairman Tull said if the WCCGA's signs had the Council's 1-800 number added to them, then they could be used. **Director Miller** read a portion of the law, "therefore the Washington State Gambling Commission, the Washington State Horse Racing Commission and the Washington State Lottery Commission shall jointly develop informational signs concerning problem and compulsive gambling which include a toll-free hotline number for problem and compulsive gamblers. The sign shall be placed in the establishment of gambling licensees, horse racing licensees and lottery retailers." He said the Commission is not precluding the posting of any sign the licensee wants to post. **Mr. Kaufman** said it would be difficult to place these posters in the bathrooms because people would deface them or tear them down unless they were protected. He said they've posted their signs at the entrances. He would like to be able to use his sign and not the state's sign. **Ms. Tolton** said that is all right as long as they are being posted. The restroom will not be a required location to post the signs. **Mr. Kaufman** suggested requiring one sign per entrance as a minimum requirement.

Ms. Tolton said the sign she passed around was designed by the Lottery, Horse Racing and Gambling commission in different sizes, and was developed by the Lottery Commission. Each agency is responsible for

the cost of how many are ordered. **Commissioner Mosbarger** said that the sign passed out and designed by the three commissions would not attract her attention. **Chairman Tull** said it is not the Commission's goal to have the signs be inconspicuous, but the goal of the other agencies may be different.

Senator Prentice asked for clarification on whether the licensees can use their own signs as long as they add the Council's 1-800 number to the signs; **Ms. Tolton** said yes. **Senator Prentice** said she appreciates the fact that licensees are taking the initiative to create and post their own signs. **Mr. Kaufman** said the WCCGA, as an association, took the step and all of its members have the signs up. He said there is a blank spot on the signs so that a local G.A. number could be added for each particular area; they felt it was more effective to have a local number on the signs. **Ms. Tolton** pointed out that the Council on Problem Gambling's toll free number must appear on the signs; 12-step programs are not the answer for many of the people who have this problem. Nothing stops the licensees from having both phone numbers on the signs. **Chairman Tull** said the Commission is happy with the progressive attitude of the industry in the state; but there may still be some licensees who do not have signs and do not intend to comply with the Legislature and the Commission, so the rule making process must be deliberate. He said he would entertain some sort of alternative language, being careful not to create too much unnecessary work for the Commission. It would be better to gently push people towards compliance if they don't get it right the first time.

Ms. Tolton said the brochures accomplish the requirement that the 1-800 number be available; the brochures in the holder can be set up in the gambling facilities to fulfill the requirement.

Commissioner Heavey said that he and Mr. McCoy have language to help solve the problem with paper money acceptors on amusement games. The draft language is "all games utilizing paper money acceptors shall either return change or clearly disclose to the customer that change is not returned by the device and where on the premises this change may be obtained prior to play. Operators using amusement games that do not return change must have a change-making bill acceptor in the immediate vicinity of such games." He said this language would resolve the concern that he has.

Commissioner Heavey moved to accept this new language. **Director Miller** said that wherever minors are allowed to play these activities, they are required to have personnel on the premises. He asked if a person on the premises making change would be acceptable without having a change-making machine there also; **Commissioner Heavey** said that, under this new language, a change-making machine would be required also. The problem is that the person making change may not always be available. **Director Miller** said that each arcade has a person there at all times when children can play. He asked Commissioner Heavey if it would be acceptable if the arcades always had someone available to make change if they do not have a change machine; **Commissioner Heavey** said yes, as long as change is readily available.

Chairman Tull said that, with the clarification, he seconds the motion to amend the language; vote taken and motion carried. The new version of the rule change language will appear on next month's agenda.

PUNCHBOARDS/PULL TABS (Cont.)

Amendatory Section WAC 230-30-072

Punchboard and pull tab inventory and retention requirements.

Ms. Sutherland said there's an addendum on the back table regarding replacement language for this rule. This rule was presented by staff in conjunction with the commercial operators study group for discussion with final action in November. The rule requires charitable and nonprofit organizations to retain series for four months, and for commercial stimulant licensees to retain series for two months following the last day of the month in which it was removed from play. The change on the addendum relates to the penalty for non-compliance. It's a four month penalty rather than six months. Staff recommends further discussion.

Amendatory Section WAC 230-30-075

Punchboard and pull tab retention restrictions-- Minimum percentage of prizes available ((for certain gambling activities)).

Ms. Sutherland said this is presented by staff for discussion with final action in November. The rule clarifies the punchboard/pull tab prize restrictions by adding sub-section four, which will not allow series to be sold if the series offers prizes for purchasing the last ticket or punch that exceeds \$100 or the highest prize offered, whichever is less.

Director Miller said this is the last sale issue that came up. When the prize limits were raised to \$500, staff began to see some last sale prizes of \$500, which usually never go. These operations were lowering the payout to the public. This proposal brings it back to where the prize level was prior to the increase of prize limits and allows for \$100 last sale. Anything above that has to be brought into account in the percentage. The maximum last sale prize allowed will be \$100, or equal to the highest prize, whichever is less.

LICENSING, BINGO, and PUNCHBOARDS/PULL TABS

Ms. Sutherland said items 5 (A) through (J) are all housekeeping changes that reference the new WAC numbers regarding the fee schedules. They are up for discussion and possible filing.

Commissioner Heavey moved that items 5 (A) through (J) be filed for further discussion; **Chairman Tull** seconded the motion; motion carried.

Ms. Sutherland said there is an addendum to the agenda, item 5 (M), **WAC 230-08-010, Monthly records**. She said this is a companion rule to the pull tab retention test periods. This is presented by staff for discussion and possible filing. The rule provides that punchboard/pull tab commercial operators must complete their monthly records within 15 days following the end of the month instead of 30 days. **Commissioner Heavey** moved for the filing of this rule change for further discussion; **Chairman Tull** seconded the motion, motion carried.

UNFINISHED BUSINESS

Chairman Tull said the Spokane Valley Foundation recertification report (held over from yesterday) will be considered at the October meeting in Leavenworth.

Director Miller said he has one point of clarification on the issue of certification and non-compacted tribes. He asked if what they asked for was an examination of other states and other jurisdictions; **Chairman Tull** said the commissioners would like to have, within reason, knowledge of what other licensing jurisdictions do, particularly other states. He said if it's convenient, also jurisdictions besides states. He said they'd like to develop information on the issues for use if a policy is to be developed at some point.

CASINO NIGHTS/Fund Raising Events

Commissioner Graham said a possible legislative proposal has been discussed regarding this issue. In 1972, FRE's were approved by state voters and became very popular. The number of licenses issued for fund raising events has steadily gone downhill. He said he received a letter from John Beadle that says he visited several FRE's and sees the same glaring problem each and every time; the members volunteering their time and effort have zero expertise in conducting the events. They make numerous mistakes, make payouts when they should be collecting and are extremely slow.

Commissioner Graham said he'd like the Commission propose to the Legislature a change to allow members' spouses to work at the FRE's, and authorize the organizations to hire up to five paid workers. He said the problem is when an amateur dealer has four knowledgeable players, they gang up on the dealer. He said the intent of this proposal is that the paid workers would help the organizations by finding problems and giving advice to make the events more professional and safer for the operators. He also said the person providing the rental equipment should also be allowed to be a paid advisor to the fund raising event. The allowed number of events would go up to four from the current two allowed per year; the organization could make up to \$30,000 in a year from FRE's. He said he submitted this proposal in writing to the other commissioners.

Commissioner Graham moved that this proposal be approved and passed to the Legislature. **Chairman Tull** asked Senator Prentice if such a proposal would be viewed by the Legislature as an attempt to expand gambling. **Senator Prentice** said yes, by many it would be seen as an expansion of gambling. Given the volatility of all the activities pertaining to gambling -- tribal and non-tribal -- many members of the Legislature are bewildered as to what's going on now. It would be looked at and very carefully considered. **Chairman Tull** asked about the time line for getting proposals to the Legislature for consideration during the 1995 session; **Senator Prentice** said the commissioners could wait at least another month, but ideas are gathering right now for this long session. The Commission should lobby its position and discuss it with various members to gauge what the reaction is likely to be. There's still time to look at this more carefully. **Chairman Tull** said that Commissioner Graham has worked this issue thoroughly in recent months and these proposals are being brought forward because they will be helpful to the organizations that do FRE's. It is not designed to increase the amount gambling, but to protect the organizations so they can use this fund raising against the backdrop of all the other competition. He intends to support Commissioner Graham's proposal.

Director Miller said that, normally, a proposal like this would go through the executive request legislation process, but the deadline for agency request legislation to be reviewed by the Governor's Office has passed. That step may not be essential; there are other options, such as having licensees take it, find a sponsor and lobby the legislation, or the Commission can propose it. **Chairman Tull** asked if there has been a chance to receive and gauge the reaction of the licensees or organizations that have been doing fund raising events; **Director Miller** said the task force's recommendation encouraged ways for charities to continue to make money from gaming. He said staff has not done any evaluating, but Commissioner Graham has been in contact with a lot of people in the industry regarding the issue. **Commissioner Graham** said he has no problem waiting until next month. He made the motion because he thought the proposal could have gone through the agency request legislation process, but since the deadline has passed and an independent route must be taken, waiting 30 days to bring it up at the next meeting will be fine. He said this proposal will expand gambling, but the message that came down to the Commission was for the Commission to not expand gambling. Since this will be going through the legislative process, it will be the Legislature that decides whether or not to pass it. Anything proposed by the Commission will be changed in the process anyway. He said there are licensee groups who benefit from these events who may get behind the passage of this once it is a bill. The Liquor Control Board is contemplating allowing alcohol to be sold at FRE's.

Commissioner Mosbarger asked if any of the licensee organizations are strong enough to lobby for this bill. **Director Miller** said the Federation of Clubs is comprised of fraternal organizations that utilize fund raising events, and they would probably be very active in lobbying. **Ron Sellar**, Washington State Licensed Beverage Association, suggested that the Commission consider opening up FRE's to trade associations. He said there are a lot of trade associations that are struggling financially and could also use raffles to help. **Chairman Tull** said trade associations don't currently qualify, but the question can be debated at the next meeting. It is not currently part of Commissioner Graham's proposal.

Senator Prentice said the advantage would have been to propose this as an agency request bill coming through the Governor's Office, because the Governor would be behind it. There are significant lobbies for and against gambling expansion. With everything that's happening with the tribes, there has been little comprehension of the rest of the gambling industry. **Chairman Tull** said the proposed language will be part of the packet next month, and that if anyone wants a copy of the proposal it will be made available to them. This

will be added to October's agenda. **Commissioner Mosbarger** asked if staff will be notifying the Elks and Eagles that this will be discussed next month. **Director Miller** said yes, Lynn Melby of the Federation of Clubs will be notified and sent a copy of the proposal so the groups can come forward before the Commission and express their views.

Commissioner Mosbarger said she wants to know exactly what the licensee groups will do and if they will support this proposal before going forward. **Director Miller** said this is a dying activity that is difficult to put on; they've gone down to about 200 per year. **Commissioner Graham** asked for a graph of the last ten years of FRE's for the next Commission meeting; **Director Miller** said yes.

Commissioner Graham said he has a fund raising event planning document from 1985 produced by Joe Huether, then with Catholic Family Services in Pasco. It explains step-by-step how to put on a successful event. He said he asked Mr. Bishop to contact Mr. Huether to see if the Commission can use part or all of his information to produce a pamphlet to be sent to anyone applying for a license for a fund raising event. He recommended that the staff draw up a draft booklet for the Commission to review. **Chairman Tull** said that would be consistent with the service-oriented approach the Commission wants to take.

Commissioner Mosbarger thanked Commissioner Graham for all his work on the FRE issue. **Mr. Bishop** said he has copies of the draft legislation.

COMMENTS OF PUBLIC OR PUBLIC OFFICIALS

WAC 230-20-242 -- Activities conducted as part of a bingo game -- Authorizations, -- Restrictions.

Don Kaufman, speaking on behalf of the WCCGA, said there was a rule change proposal overlooked. He understood from the last study group meeting (August) that there would be a WAC revision filed at this meeting on the issue of drawings. There is presently a restriction that drawings occur within the same month; and the change to propose is for drawings to be made within a 30-day period, or consecutive block of time.

Director Miller said there was an agreement. He said there is a lot going on and this one was missed. It is a minor change. He asked for the authority to file the rule now and bring it before the Commission next month for review and discussion, and then have it up for final action in November.

Commissioner Graham moved that the proposal to change "month" to "30 days" be filed for discussion and final action in November. **Mr. Kaufman** said the language presently reads "within the month." **Director Miller** said the language of the rule is "WAC 230-20-242 -- Activities conducted as part of a bingo game -- Authorization -- Restrictions." Sub-section (c), "Drawings may be conducted using tickets that accumulate during any bingo occasion, week, or any other period that does not extend past the end of the month." The amendment to file would remove the language "the end of the month," and add "does not extend past 30 consecutive days." **Commissioner Graham** moved to file using this amended language; **Commissioner Mosbarger** seconded the motion; motion carried. **Chairman Tull** said he's not sure he likes the wording "30 consecutive days," but the language can be changed with further discussion.

NOTE: THESE PRINTED MINUTES PLUS THE TAPES CONSTITUTE THE FULL MINUTES.

Susan D. Green
Executive Secretary